

The President's Weekly Address

February 13, 2010

All across America, people work hard to meet their responsibilities. You do your job, take care of your family, pay your bills. Sometimes, particularly in tough times like these, you have to make hard choices about where to spend and where to save. That's what being responsible means. It's a bedrock value of our country. And that ought to be a value that our Government lives up to as well.

Yet over the past decade, this hasn't always been the case. Ten years ago, we had a big budget surplus with projected surpluses far into the future. Ten years later, those surpluses are gone. In fact, when I first walked through the door, the Government's budget deficit stood at \$1.3 trillion, with the budget gap over the next decade projected to be 8 trillion.

Now, partly, the recession is to blame. With millions of people out of work and millions of families facing hardship, folks are paying less in taxes while seeking more services, like unemployment benefits. Rising health care costs are also to blame. Each year, more and more tax dollars are devoted to Medicare and Medicaid.

But what also has made these large deficits possible was the end of a commonsense rule called pay-as-you-go. It's pretty simple. It says to Congress, you have to pay as you go. You can't spend a dollar unless you cut a dollar elsewhere. This is how a responsible family or business manages a budget. This is how a responsible government manages a budget as well.

It was this rule that helped lead to balanced budgets in the 1990s by making clear that we could not increase entitlement spending or cut taxes simply by borrowing more money. And it was the abandonment of this rule that allowed the previous administration and previous Congresses to pass massive tax cuts for the wealthy and create an expensive new drug program without paying for any of it. Now, in a perfect world, Congress would not have needed a law to act responsibly, to remember that every dollar spent would come from taxpayers today or our children tomorrow.

But this isn't a perfect world. This is Washington. And while in theory, there is bipartisan agreement on moving forward on balanced budgets, in practice, this responsibility for the future is often overwhelmed by the politics of the moment. It falls prey to the pressures of special interest groups, to the pull of local concerns, and to a reality familiar to every single American: The fact that it's a lot easier to spend a dollar than save one.

That's why this rule is necessary. And that's why I'm pleased that Congress fulfilled my request to restore it. Last night I signed the pay-as-you-go rule into law. Now Congress will have to pay for what it spends, just like everybody else.

But that's not all we must do. Even as we make critical investments to create jobs today and lay a foundation for growth tomorrow—by cutting taxes for small businesses, or investing in education, or promoting clean energy, and modernizing our roads and railways—we have to continue to go through the budget line by line, looking for ways to save. We have to cut where we can to afford what we need.

This year, I've proposed another \$20 billion in budget cuts. And I've also called for a freeze in Government spending for 3 years. It won't affect benefits through Medicare, Medicaid, or Social Security. And it will not affect national security, including benefits for veterans. But it will affect the rest of the budget.

Finally, I've proposed a bipartisan fiscal commission to provide recommendations for long-term deficit reduction. Because in the end, solving our fiscal challenge, so many years in the making, will take both parties coming together, putting politics aside, and making some hard choices about what we need to spend and what we don't. It will not happen any other way. Unfortunately, this proposal, which received the support of a bipartisan majority in the Senate, was recently blocked. So I will be creating this commission by Executive order.

After a decade of profligacy, the American people are tired of politicians who talk the talk but don't walk the walk when it comes to fiscal responsibility. It's easy to get up in front of the cameras and rant against exploding deficits. What's hard is actually getting deficits under control. But that's what we must do. Like families across the country, we have to take responsibility for every dollar we spend. And with the return of pay-as-you-go, as well as other steps we've begun to take, that is exactly what we are doing.

Thanks.

NOTE: The address was recorded at approximately 1:30 p.m. on February 12 in the Diplomatic Reception Room at the White House for broadcast at 10:06 a.m. on February 13. The transcript was made available by the Office of the Press Secretary on February 12 but was embargoed for release until 6 a.m. on February 13. The Office of the Press Secretary also released a Spanish language transcript of this address.

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